![Hanwha Systems logo] Hanwha Systems

Hanwha Systems Corporate Value-up Plan

Connect to the FUTURE

Hyper-intelligence, Hyper-convergence, Hyper-connectivity

We provide technologies to make world safer and better.

Defense / ICT

Hanwha Systems Corporate Value-up Plan

2025

Disclaimer

This plan contains forecast information based on the financial status, operational and business performance and management's plans and goals of Hanwha Systems Co., Ltd. (hereinafter the "Company") and its subsidiaries. Please note that, due to unknown risks and uncertainties that could affect the Company's actual performance as well as other factors, forecasts may be subject to change. The Company does not implicitly or explicitly guarantee the accuracy or completeness of the information contained in this plan, and the contents described herein shall not be considered as promises or statements regarding past or future events. Therefore, this plan must not be used for any legal purposes concerning investors' investment outcomes, and the Company hereby informs that it shall not bear any responsibility, damages, or losses arising from investment results based on the information provided in this plan.

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Hanwha Systems Corporate Value-up Plan 2025

Hanwha Systems

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Hanwha Systems Corporate Value-up Plan 2025

www.hanwhasystems.com

Hanwha Systems

Company Overview

Hanwha Systems Corporate Value-up Plan 2025

1. Company Overview

● Company Profile

Company Name	**Hanwha Systems Co., LTD.**
CEO	Son Jae-il
Establishment Date	January 11, 2000
Listed Market	KOSPI Market (Stock Code: 272210.KS)
Listing Date	November 13, 2019
Market Cap[1]	6.0025 trillion KRW (as of 3.31.'25)
Capital	944.6 billion KRW (as of 3.31.'25)
Number of Shares Outstanding	188,919,389 shares (Common Stock) (as of 3.31.'25)
Treasury Stock	1,926,128 shares (as of 3.31.'25)
Shareholder Status	Hanwha Aerospace Co., Ltd. 46.73% 한화에어로스페이스 Hanwha Energy Co., Ltd. 12.8% 한화에너지
Revenue ('24 Consolidated)	2.8 trillion KRW (Defense division: 2.1 trillion KRW, ICT division: 0.7 trillion KRW)

1) Excluding treasury shares

● History

Year	Event	
2025	LAMD(Low Altitude Missile Defense) Radar full scale development	
2024	Acquisition of Philly Shipyard	Hanwha Philly Shipyard
2024	M-SAM MFR export to Saudi Arabia	
2023	Acquisition of Hanwha Ocean stake	한화오션
2022	M-SAM MFR export to UAE	
2021	Completion of Paid-in Capital Increase	
2019	Listed on the Stock Market	KRX KOSPI
2018	Launched Hanwha Systems Co., Ltd.	한화S&C 한화시스템
2015	Renamed as Hanwha Thales Co., Ltd.	Hanwha THALES
2001	Changed name to Samsung Thales Co., Ltd.	SAMSUNG THALES
1991	Defense Business Division merged into Samsung Eletronics	SAMSUNG 삼성전자
1977	Founded Samsung Precision Co., Ltd.	삼성정밀 SAMSUNG PRECISION.CO

1. Company Overview

● **Business Sectors**   **Defense**   ICT
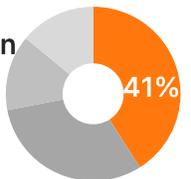
ISR

Main Products

| MFR | AESA Radar | Laser System |

- Manufacturing and developing advanced radar based on AESA, mounted on aircraft, naval vessels, and air defense systems and electro-optical fields

ISR Revenue in the Defense division
(as of 12.31.'24)

41%

🏋 **860 billion KRW**

C5I
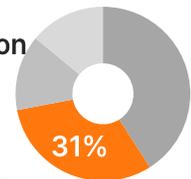
Main Products

| TICN | C2 | Cyber Security |

- Providing solutions that connect land, sea, air, space, and cyber with a tactical information communication system, the core of Network-Centric Warfare (NCW)

C5I Revenue in the Defense division
(as of 12.31.'24)

31%

🏋 **650 billion KRW**
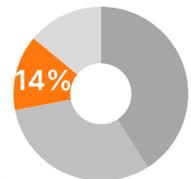
Naval

Main Products

| CMS | USV / UUV | ECS |

- Manufacturing and developing advanced naval systems, including CMS(the brain of warships) and unmanned platforms central to future maritime warfare

Naval Revenue in the Defense division
(as of 12.31.'24)

14%

🏋 **296 billion KRW**

SPACE & AIR

Main Products
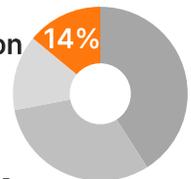
| Avionic Electronics | Satellites Payload | Small SAR Satellites System |

- Air: Supplying core avionics systems for fixed-wing, rotary-wing, and unmanned aircraft
- Space: Supplying solutions for system and payload development of small satellites, and EO-IR and SAR payloads for medium and large satellites

Aerospace Revenue in the Defense division
(as of 12.31.'24)

14%

🏋 **294 billion KRW**

1. Company Overview

● **Business Sectors**

Defense   **ICT**

ITO

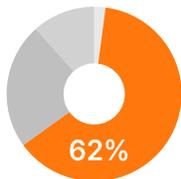**Main Products**

| Application | System/Infrastructure | Cloud |

- Providing differentiated high-quality services with systematic professional personnel for overall IT infrastructure operation services and efficient and stable business continuity, from sizing of the client's IT systems and server resources

ITO Revenue in the ICT division
(as of 12.31.'24)

433.9 billion KRW

62%

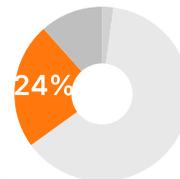## SI

Main Products

| Finance & Manufacturing | ERP | Low-Code |

- Providing services for building business-related information systems for enterprises, including consulting for information planning and strategy establishment, system construction including H/W and S/W, and computer network construction services such as servers and networks

SI Revenue in the ICT division
(as of 12.31.'24)

166.6 billion KRW

24%

Smart C&E

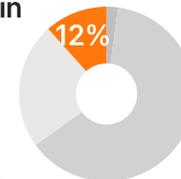**Main Products**

| Smart Building & Smart Home | Energy | Smart Security & Control |

- Providing smart solutions for facility control, integration, monitoring, and security management for buildings, houses, SoC, etc.

Smart C&E Revenue in the ICT division
(as of 12.31.'24)

81.2 billion KRW

12%

Smart Manufacturing

Main Products

| Smart Factory & Logistics | Data Intelligence & Artificial Intelligence |

- Building smart factories and futuristic shipyards through data-driven prediction/analysis, optimizing supply chains with E2E smart logistics solutions
- Providing customized DX and improving work productivity with manufacturing-specialized Data Intelligence solutions/services and AI technology-based digital platforms

Smart Manufacturing Revenue in the ICT division
(as of 12.31.'24)

13.1 billion KRW

2%

1. Company Overview

● **Performance and Stock Price Trends**

Company-wide Revenue and Operating Profit Trends

Unit: KRW 100M, Consolidated Basis   ■ Revenue   ○ Operating Profit

Operating Profit: 929, 1,120, 240, 929, 2,193

Revenue: 16,429, 20,895, 21,880, 24,531, 28,037

2020–2024
Annual CAGR of Average revenue
14.6%

2020   2021   2022   2023   2024

Stock Price and Market Cap Trends

— Market Cap   ○ Stock Price

Stock Price: 15,468, 16,000, 10,550, 17,360, 22,600

Market Cap
1.9 trillion KRW
(as of 12.31.'20)

Market Cap
4.23 trillion KRW
(as of 12.31.'24)

2020   2021   2022   2023   2024

Hanwha Systems

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Current Status Analysis

2. Current Status Analysis

● Market Indicator Analysis

PBR

○ Hanwha Systems ○ ICT Peer Group ○ Defense Peer Group

PER

ROE

⬥ PBR Analysis [1]

- Since 2022, with a continuous upward trend in PBR, growth is pursued with the goal of exceeding the level of the global defense peer group beyond the ICT peer group.

- **Defense division:** Structural growth expectations for the entire defense division with increased global defense demand driven by rising geopolitical risks

- **ICT division:** Although the traditional ICT division has contracted due to reduced IT investment amid economic recession, there is an expected increase in demand for securing technology capabilities such as AI and cybersecurity, as well as for building related systems

⬥ Analysis through decomposition formula

$$PBR = PER \times ROE$$

- There is a PER deviation due to performance volatility with a lower PER compared to the defense and ICT peer group.

- Re-evaluation is needed by checking the main factors affecting shareholder expectations:

1) Presenting additional growth potential and profitability vision

2) Enhancing dividend stability and predictability

3) Sustainable management and communication

⬥ Analysis through decomposition formula

$$PBR = PER \times ROE$$

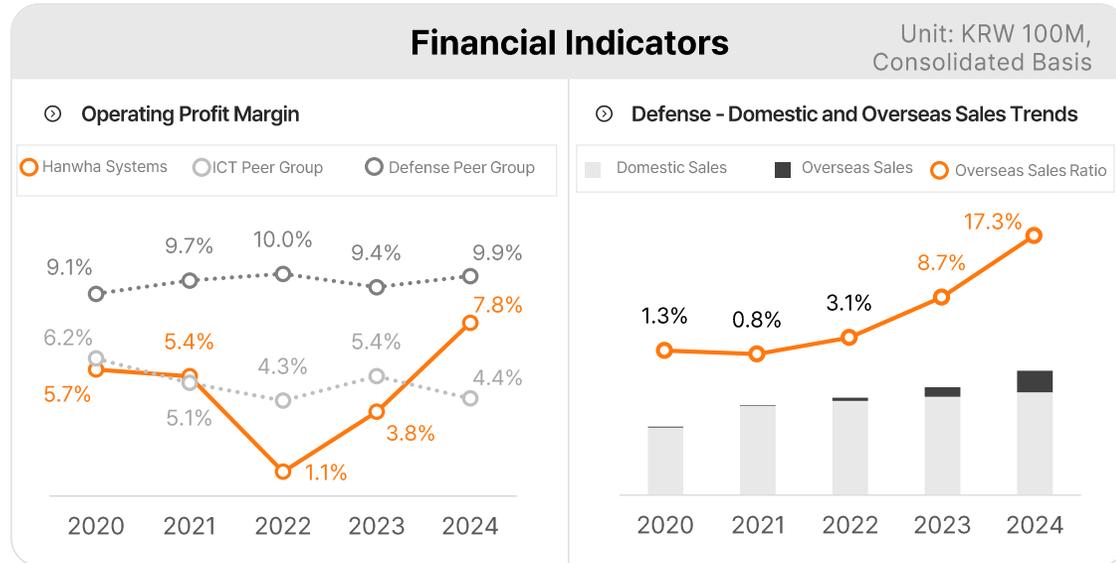- Due to the combined effect of improved operating profit and one-off factors, a trend of higher ROE compared to the recent peer group has been formed.

- It is necessary to derive a plan to secure a substantial ROE competitive advantage compared to global companies through performance analysis excluding non-operating profit and loss effects.

2. Current Status Analysis

● Financial Indicators and Capital Analysis

Financial Indicators
Unit: KRW 100M, Consolidated Basis

Operating Profit Margin

○ Hanwha Systems   ○ ICT Peer Group   ○ Defense Peer Group

Hanwha Systems: 5.7% (2020), 5.4% (2021), 1.1% (2022), 3.8% (2023), 7.8% (2024)
ICT Peer Group: 6.2%, 5.1%, 4.3%, 5.4%, 4.4%
Defense Peer Group: 9.1%, 9.7%, 10.0%, 9.4%, 9.9%

2020 2021 2022 2023 2024

Defense – Domestic and Overseas Sales Trends

☐ Domestic Sales   ■ Overseas Sales   ○ Overseas Sales Ratio

Overseas Sales Ratio: 1.3% (2020), 0.8% (2021), 3.1% (2022), 8.7% (2023), 17.3% (2024)

2020 2021 2022 2023 2024

- Achieving revenue and operating profit of 2.8 trillion KRW and 219.3 billion KRW respectively in 2024
- Maintaining stable growth by targeting the defense Peer Group with a continuous increase in operating profit margin

Defense division
Operating margin up on increased exports to Poland, the Middle East, and other regions

ICT divisions
Operating margin increased due to rising demand for ERP systems and digital transformation

Aiming for quantitative growth through overseas market penetration & securing profitability at the top-tier Peer Group level

Aiming to secure steady profits above the Peer Group through continuous technological development

⚠ **Analysis** [1]   Performance uptrend, need to **Strengthen Mid- to Long-term Competitiveness** through global market penetration

Cost of Equity

Comparison of ROE and COE

ROE<COE
Return on Equity < Cost of Equity

ROE>COE
Return on Equity > Cost of Equity

ROE
COE

20% 15% 10% 5% 0%

2020 2021 2022 2023 2024

COE Calculation Formula
$$COE = rf + \beta(Rm-Rf)$$
Rf : KOFIA   β : Bloomberg
Rm: Korea Market Risk Premium Guidance

ROE Decomposition Formula
ROE = Net Profit Margin x Total Asset Turnover x Financial Leverage

Net Profit Margin (5-year average)   **7.5%** (Consider Improvement)

Total Asset Turnover (5-year average)   **54.8%** (Improvement Completed)

Financial Leverage (5-year average)   **214.6%** (Maintain)

- Since the IPO in 2019 until 2022, we did not meet the shareholder required rate of return, but from 2023, we achieved excess profit margin
- As of 12.31.'24, our company's shareholders' required rate of return is approximately 9.7%. The task is to consistently achieve a return on equity (ROE) that exceeds this benchmark by stabilizing ROE volatility.
- By 2024, we have improved the total asset turnover by reorganizing low-profit businesses and have set the improvement of the net profit margin as a long-term core task.

Focusing on growth to strengthen the long-term profitability base

⚠ **Analysis**   **Continuous Achievement of ROE that Exceeds COE** through Improvement of net profit margin

1) Defense Peer Group: Calculated as the average of financial indicators from L3Harris Technologies, Inc. and Elbit Systems Ltd. | ICT Peer Group: Calculated as the average of financial indicators from Samsung SDS Co., Ltd., Lotte Innovate Co., Ltd.
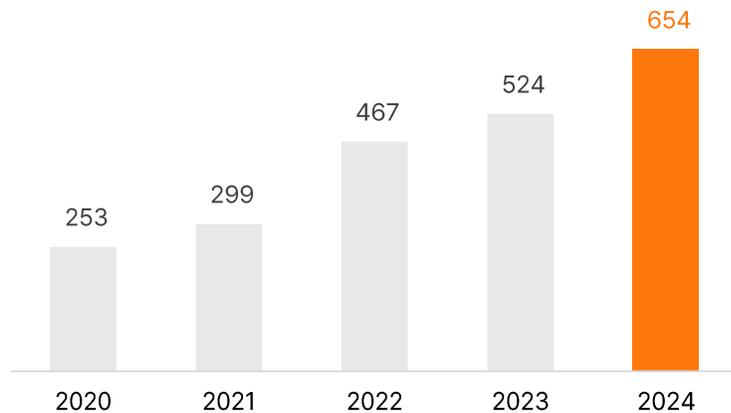
2. Current Status Analysis

● Shareholder Return Analysis

Annual Dividend Amount   Unit: KRW 100M

	2020	2021	2022	2023	2024
253	299	467	524	654	

Review of Key Indicators Related to Shareholder Return

	2020	2021	2022	2023	2024
Total Dividend Amount (100 Million KRW)	**253**	**299**	**467**	**524**	**654**
Acquisition of Treasury stock (100 Million KRW)	7	334	–	–	–
Dividend Payout Ratio (Separate)	24.4%	22.8%	163.8%	54.5%	24.9%
DPS (KRW)	**230**	**160**	**250**	**280**	**350**
Dividend Growth Rate (%)	74%	118%	156%	112%	125%
Year-end Stock Price (KRW)	15,468	16,000	10,550	17,360	22,600
TSR (%)	69.6%	4.5%	(-)32.5%	67.2%	32.2%

✔ Current Status

- With the annual increase in dividend scale, the largest amount of 65.4 billion KRW was paid in 2024, and dividends were paid even during times when performance declined to secure shareholder trust
- Achieved a 5-year average TSR of 28% thanks to stock price increase and dividend growth effect
- Notification of dividend policy and resetting of dividend record Date needed to further enhance investment stability and predictability

✔ Implications

- Establishing and announcing a periodic dividend policy to clearly express capital return intentions and support rational investment decisions by shareholders
- 2024 Articles of incorporation amendment to establish grounds for changing dividend record date to enhance shareholders' dividend predictability

⚠ Analysis | Realizing shareholders value through rising stock price and stable dividends, **Promoting Systematic Advancement of Shareholder Return Policy**

2. Current Status Analysis

● **ESG Analysis**

Korea ESG Standards Institute Evaluation Rating

ESG Status		2023	2024
Environmental Environmental **E**	• Investment for S. H. E (Safety, Health, Environment) Management, including improvement of the operation structure of the Jukjeon Data Center UPS (Uninterruptible Power Supply) facilities • Installation of EV charging stations, eco-friendly investments such as solar power facilities at the Jukjeon site and Yongin Comprehensive Research Institute • Response to Carbon Disclosure Project (CDP) evaluation and implementation of financial impact assessments according to climate change scenarios • Publication of ECO MAP and continuous ecosystem conservation activities along with surveyts of bio-diversity impact	**A**	**A**
Social Social **S**	• Operation of a global advanced level defense/ICT quality management system • Operation of a win-win management system through the signing of fair trade agreements with partners and hosting of open innovation programs and shared growth days • Practice of social contribution through sharing management for co-growth with the local community • Practice of human rights management through the establishment of a human rights management charter and the operation of various grievance handling channels	**A+**	**A+**
Governance Governance **G**	• Expression of sound governance through the establishment and announcement of the 'Corporate Governance Charter' • Achievement rate of governance key indicators for 2023~2024 remains the same → Additional improvement plans to be established from 2025 • By structuring the board of directors with a focus on outside directors, the independence and expertise of the directors are ensured. All board committees, except for the outside director nomination committee, are composed solely of outside directors. **Board of Directors** — (Ratio of Outside Directors) Outside Director Nomination Committee — 60% Audit Committee — 100% Internal Transactions Committee — 100% Compensation Committee — 100% ESG Committee — 100%	**A**	**A**

Overall A | Overall A

Goal Setting

15 Goal Setting for Enhancing Corporate Value

Hanwha Systems Corporate Value-up Plan 2025

3. Goal Setting

● **Goal Setting for Enhancing Corporate Value**

Column 1

Top-line
Based on growth
Profitability improvement

◎ **Financial and Profitability Indicators** (Consolidated Basis)

2030

Growth potential	Profitability
Revenue	ROE
CAGR 16% or above (2025~2030)	**10% or above** (2030)

◎ **Execution Plan**

1. Common	Execution of targeted strategies to achieve revenue goals
2. Defense division	New market entry for expansion of global export
3. ICT division	Deployment of digital leading technology-based services such as generative AI, RPA, etc.

Column 2

Adhering to Basics
Shareable
Achievements
Shareholder Return

◎ **Shareholder Return**

~2027

Stability	Predictability
Minimum DPS KRW 350	

Advance Planning and Notification of Dividend Policy
&
Enhancing the Predictability of Cash Dividends

◎ **Execution Plan**

1. Dividend Stability	Minimum DPS KRW 350
2. Predictability	Review of dividend record date change and announcement of dividend policy

Column 3

Harmonious and
Beneficial
Sustainable management

◎ **ESG**

Environmental	Social	Governance
Maintenance	Maintenance	Core Indicator Improvement
A	**A+**	**A**

Maintain a comprehensive rating of A or above & comply with additional core governance indicators

◎ **Execution Plan**

1. Environmental	Establishment of Mid- to Long-term climate change response plan
2. Social	Enhancement of quality management and human rights management
3. Governance	Additional compliance with key governance indicators

Hanwha Systems

Hanwha Systems Corporate Value-up Plan 2025

Planning

4. Planning

● Revenue Target Achievement Strategy

Defense

ISR

- Solution 01 -

Development and market expansion of Korea's first AESA radar for fighter jets and UAVs

- Solution 02 -

Advancing technologies through digital sensor fusion built on core radar and electro-optical capabilities across land, sea, and air

C5I

- Solution 01 -

Establishing and advancing a hyperconnected, multi-layered communication architecture across land, sea, air, and space

- Solution 02 -

Evolving into a leading provider of integrated air defense solutions, combining C2 and Engagement Control capabilities

Naval

- Solution 01 -

Supplying 100% of the Republic of Korea Navy's combat management systems — the 'brain' of naval platforms

- Solution 02 -

Building a comprehensive line-up of navy unmanned systems for manned-unmanned teaming operations

Space & Air

- Solution 01 -

Delivering small satellite constellation systems at a global market

- Solution 02 -

High-Resolution SAR and EO-IR Payloads for Satellites

- Solution 03 -

Aircraft performance improvement and UAV system development for integrated package solutions

ICT

IT Outsourcing

Expanding optimal IT services through ISO 9001 / 20000 / 27001-based expertise and tailored strategies for each client

System integration

Securing domain-specific IT solutions and expanding market reach through system integration across manufacturing, finance, and leisure sectors."

Smart Manufacturing / C&E

Enhancing delivery of specialized IT solutions powered by digital technologies across smart factories, yards, logistics, and buildings

Establishing a growth platform based on the convergence of global defense, space, unmanned systems and ICT

4. Planning

● **Detailed Plan for Achieving Indicators**

Europe

AESA Co-working in radar and entering in Satellite payload supply chain

- Italy, export of AESA Antenna Assembly
- Italy, promotion of AESA Radar Joint Development
- Germany, Poland, Participation in Satellite Payload Supply Chain
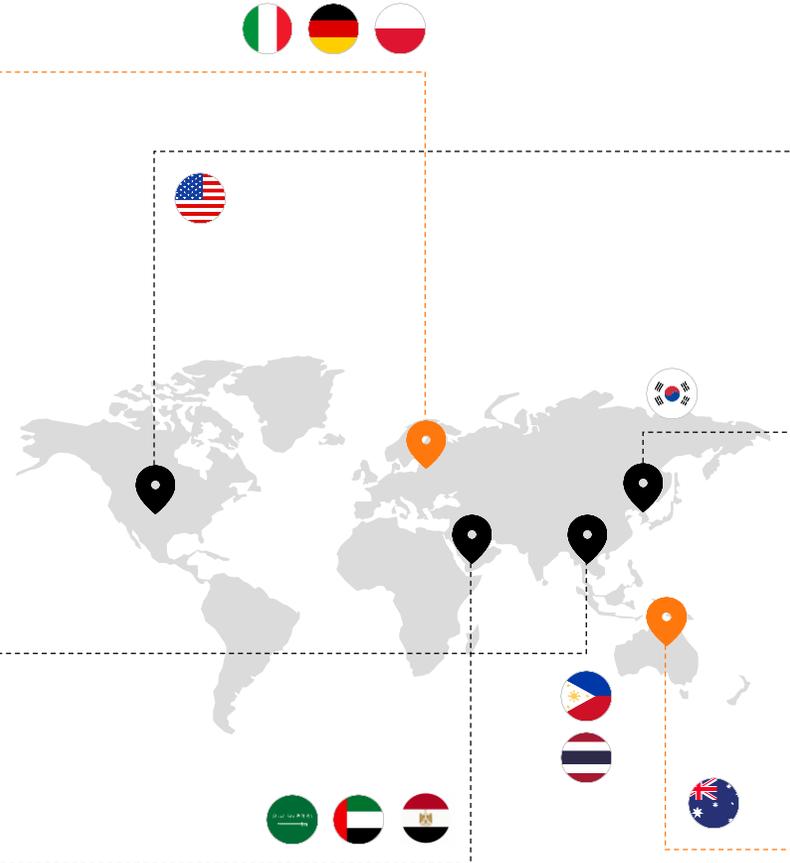- Poland, export of K2 Tank Fire Control System

Asia

Preemption of Unmanned navy system · MUM-T solution

- Philippines, promotion of Next –gen frigate and landing ship performance improvement project
- Thailand, promotion of OPV and frigate CMS and ECS

Miiddle East

Promoting Integrated package of Multi-layered air defense · ICT

- Saudi & UAE, export of M-SAM II
- Saudi & UAE, promotion of L-SAM Export
- Egypt, promotion of K11 System Export

USA   `Planned`

North America Entering Next-gen defense market

- USA, Co-development of Next-gen unmanned aerial vehicle
- USA, Completion of acquiring Philly Shipyard
- USA, Participation in satellite payload supply chain
- Global shipping company, promotion of cybersecurity solution supply

Domestic

Provide IT service based on leading digital technology

- Smart Factory, Smart Logistics, Smart Yard
- Generative AI and RPA-based Digital Work Platform

Productivity improvement based on leading technolohy

- Application of LowCode, AI Coding, etc.

Australia   `Planned`

Proposing Multi-layered tactical communication platform in preemptive manner

- Australia, promotion of Next-gen military communication development project (Land4140)

4. Planning

● Shareholder Return Plan

Dividend Policy (2025-2027)

Establishment of Dividend Policy

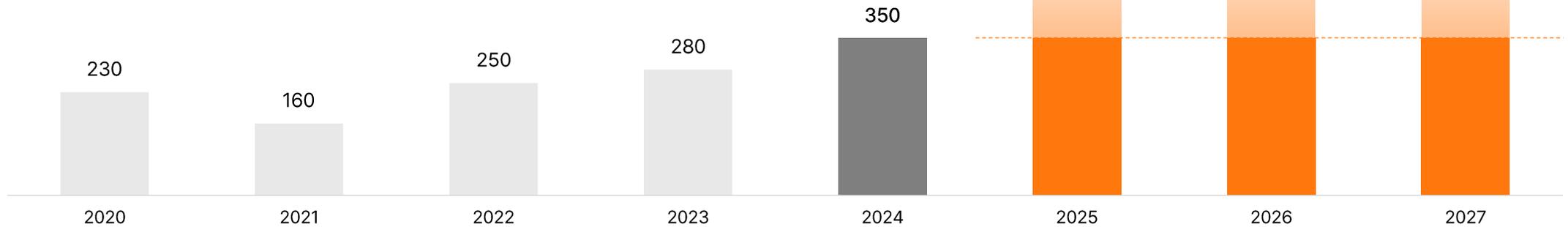Plan in advance and announcement of dividend policy

Change in Dividend Record Date

Dividend record date first, payment later

Minimum Dividend KRW 350

Review of minimum Dividend payout of KRW 350 per share

Year	Value
2020	230
2021	160
2022	250
2023	280
2024	350
2025	
2026	
2027	

Securing dividend stability allows investors to make decisions
based on a minimum level of dividend payout

4. Planning

● ESG Plan

	Environmental Management	Integrity Management Human Rights Management	Responsible Management
	Environmental	**Social**	**Governance**
Key Achievements	• Yongin R&D Center, Gumi R&D and manufacturing: Health and Safety Management System (KOSHA-MS) Certification • ISO 45001 (Health and Safety Management Systems), ISO 50001 (Energy Management Systems) Certification • Number of environmental safety regulation violations: 0	• Achieved 'Excellent' grade in the Shared Growth Index for three consecutive years (2024) • Selected as a Community Contribution Recognized Company by the Ministry of Health and Welfare for three consecutive years (2024) • Awarded the 'Minister of Trade, Industry and Energy Award' at the Chamber of Commerce Corporate Innovation Awards (2024) • Received multiple awards including the 'Grand Prize' at the Citizens' Coalition for Economic Justice Good Company Awards (2024) • Achieved the highest domestic grade PMS 8+ in the Productivity Management System (2025)	• Achieved AA rating for two consecutive years in the Compliance Program (CP) rating evaluation (2024) • ISO 37301 (Compliance), ISO 37001 (Anti-Bribery) Certification • ISO 27001 (Information Security), ISMS (Information Security Management System) Certification • Established systematic governance for defense security and ICT information security · personal information protection with zero leakage incidents

Goals	• Establishment of Mid- to Long-term climate change response plan (RE100, Net Zero)
	• Continuous efforts to replace aging and low-efficiency equipment
	• In 2025, the goal is to obtain intelligent building certification and energy efficiency grade certification for the new construction of the Gumi R&D and manufacturing and Jeju Hanwha Space Center
		• Advanced quality management considering the specificity of the defense/ICT division, achieving customer satisfaction
		• Realizing a 'Together Far' win-win supply chain by mandating ESG management diagnosis for partners and continuously strengthening shared growth activities
		• Strengthening the management of human rights risks for various stakeholders through the advancement of human rights management
			• Improvement in compliance with core governance indicators (Post-2025 compliance target)
			  – Providing predictability related to cash dividends (Confirming dividend amount before the dividend record date)
			  – Notifying shareholders of dividend policy and implementation plans at least once a year
			• Set goals such as achieving a company-wide compliance training completion rate of over 98% and an average compliance evaluation of 'adequate' or higher
			• Review of Governance Improvement for the Protection of the Rights and Interests of All Shareholders, Including Minority Shareholders

Communication

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5. Communication

● IR Status and Plans

Disclosure of IR Materials ✓

IR materials are made available on the company's official website to ensure convenient access for all shareholders

Enhancing timely and accurate communication through various channels, including frequent IR sessions

✓ Hosting IR Events

Open conference calls and webcasts are held on a regular basis to ensure transparent communication with all shareholders and analysts

Investor Relations presentation audio files are made available on the company website

Shareholders and Stakeholders
Communication

Global Communication ✓

Investor materials and key disclosures are provided in English

The company shares its vision with global institutional investors through in-person and virtual meetings

✓ Disclosure Process

Accurate and timely information about the company is consistently shared with the market through voluntary and fair disclosures

Following board reporting, the progress of the Corporate value-up plan is disclosed at least annually, along with the results of implementation assessments

Appendix

24 Financial Status

Hanwha Systems Corporate Value-up Plan 2025

6. Appendix

● **Financial Status**

Summarized Consolidated Financial Statement

Unit: billion KRW	2025.Q1	2024	2023	2022
Current Assets	2,418	2,286	1,890	2,327
Non-current Assets	4,795	3,438	2,593	1,619
Total Assets	7,213	5,724	4,483	3,946
Current Liabilities	2,897	2,677	1,951	1,619
Non-current Liabilities	903	631	378	308
Total Liabilities	3,800	3,308	2,329	1,927
Controlling Shareholder's Equity	3,358	2,490	2,140	2,000
Non-controlling Interests	55	(74)	14	19
Total Equity	3,413	2,416	2,154	2,019

Summarized Consolidated Income Statement

Unit: billion KRW	2025.Q1	2024	2023	2022
Sales	690	2,804	2,453	2,188
Cost of Sales	579	2,388	2,149	1,935
Gross Profit	111	416	304	253
Selling and Administrative Expenses	53	196	211	229
Operating Profit	58	219	93	24
Non-operating Income and Expenses	(300)	362	320	(81)
Profit Before Tax	39	581	413	(57)
Income Tax Expense	6	104	57	24
Income or Loss from Discontinued Operations	8	(32)	(13)	-
Net Income	41	445	343	(81)

Hanwha Systems

● Hanwha Systems Corporate Value-up Plan 2025

● Connect to the FUTURE

Hyper-intelligence, Hyper-convergence, Hyper-connectivity

We provide technologies to make world safer and better.

www.hanwhasystems.com ▶

THANK YOU